

SES-imagotag: Q3 sales of €41M (+21%)

- > Q3 sales at €41M, up +21% vs Q3 2017
- > Q3 order intake at €47.5M, up +27% in line with H1 momentum
- > YTD sales at €122.2M, down -5% due to low production in 1st half
- > Record YTD order entries at 185 M€, up +31%
- > FY18 revenue guidance reiterated at around +20% thanks to a strong Q4
- > Growth expected to accelerate to 30%+ in 2019

Sales in €M	France	International	Total
Q3 2017	18.6	15.2	33.8
Q3 2018	11.7	29.3	41.0
% change	-37.1%	+92.8%	+21.3%
9M 2017	56.2	73.0	129.2
9M 2018	37.8	84.4	122.2
% change	-32.7%	+15.6%	-5.4%

Q3 activity

Revenues in the third quarter of 2018 reached €41M, an increase of +21% from the 3rd quarter of 2017 (€33.8M) due to the progressive ramp-up of our new industrial facilities, and in spite of still remaining delays in the manufacturing of some of the sizes / formats of the VUSION product range.

Sales in France are at €11.7M (-37.1% vs. Q3 2017), a region still affected by the VUSION production delay, while international sales totaled €29.3M for a +92.8% increase compared to Q3 2017.

The supply chain issues encountered in 2018 should be solved by the end of the year for all regions, allowing a much stronger Q4.

New order entries in the 3rd quarter totaled €47.5M, an increase of +27% over the 3rd quarter of 2017, in line with the strong momentum in H1 new orders (+33%).

Order Entries in €M	H1	Q3	9M
2017	103.9	37.3	141.2
2018	137.9	47.5	185.3
% Change	+32.7%	+27.3%	+31.2%

9 months YTD

YTD 9-month revenues reached €122M, still in slight decrease vs. 2017 same period, due to the production delays of the 1st semester.

For the first 9 months, cumulated new order entries reached a record €185M, up by +31% vs 2017, due to significant new deals signed throughout the year.

Q4 and Full-year 2018 outlook

Annual growth target of approx. 20% reiterated

Thanks to the increased production capacity in the second half of the year, revenue is expected to grow significantly in the 4th quarter.

As already communicated earlier, growth for the whole year should therefore be around 20%.

Good visibility for accelerated growth in 2019 (30%+)

Over the past 12 months ending Sept. 2018, SES-imagotag booked a record €244M of cumulated new contracts value, providing a strong visibility for future revenue growth in 2019.

An increasing part of SES-imagotag existing large client base is now starting deployments, which creates a solid foundation for growth. Additionally, many new pilots have also started with some of the world's largest retailers, so that in H2 SES-imagotag expects to keep growing its order backlog with significant new wins during the 4th quarter.

Although Europe continues to be the largest ESL market, new geographies (Asia, America) in which SES-imagotag has heavily invested over the past year, will start taking off and are expected to account for approx. 20% of global revenues in 2019.

For all these reasons, growth should accelerate next year from around 20% in 2018 to over 30% in 2019.

Message from the Chairman and CEO, Thierry Gadou:

“During the first 9 months of 2018, SES-imagotag booked €185M of new orders, an increase of +31% over the same period of 2017. The market for physical commerce digitization solutions is clearly entering a new phase of globalized adoption and SES-imagotag is strengthening its global leadership in this market.

The retail market is evolving rapidly. Physical retail is facing increasing labor cost, velocity of price changes and the challenges of offline to online convergence (O2O). Stores must become more automated, data-driven, connected to customers and brands, and more collaborative. Our new VUSION Retail IoT platform responds to these challenges and we are proud to be selected by the best performing and most demanding retailers. Our cooperation goes beyond simple price automation, we are partnering with them in a digital transformation journey to make physical stores a high-value digital asset.

As announced, even if our cumulated revenues are still slightly below 2017 due to production delays in the 1st half of the year, we are confident in our annual growth target of approx. +20% this year, due to a strong Q4, and anticipate an accelerated global growth in 2019 onwards.”

About SES-imagotag

For 25 years, SES-imagotag has been the trusted partner of retailers for digital technology in stores. SES-imagotag, the worldwide leader in smart digital labels and pricing automation, develops a comprehensive IoT and digital platform that delivers a complete set of services to retailers. The



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SES-imagotag solution enables retailers to connect and digitize their physical stores; automate low-value-added processes; improve operational efficiency; inform and serve customers; ensure information integrity to continuously optimize on-hand inventory; prevent stock-outs and waste and create an omnichannel service platform that builds loyalty and meets evolving consumer expectations.

www.ses-imagotag.com

SES-imagotag is listed in compartment B of the Euronext™ Paris

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